

Message Text

LIMITED OFFICIAL USE

PAGE 01 CAIRO 16786 061814Z

73

ACTION H-03

INFO OCT-01 EUR-08 NEA-07 ISO-00 SS-07 NSC-06 AID-01 /033 W

----- 016347

R 061537Z DEC 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 9461

INFO AMEMBASSY JIDDA

AMEMBASSY MOSCOW

LIMITED OFFICIAL USE CAIRO 16786

E.O. 11652: N/A

TAGS: OREP (BRYEN, KRAFT)

SUBJECT: STAFFDEL BRYEN/KRAFT: MEETING WITH PRIMIN SALIM

1. STAFFDEL BRYEN/KRAFT HAD HALF-HOUR MEETING WITH PRIMIN SALIM DECEMBER 5.

3. GOE DEBTS. PRIMIN NOTED GOE SEEKING CONVERT ITS LE 800 MILLION SHORT-TERM DEBTS TO MEDIUM OR LONG-TERM OBLIGATIONS WITH PERIOD OF GRACE. EGYPT NEEDS FOREIGN CREDITS TO COVER 50 PERCENT OF ITS IMPORT REQUIREMENTS. LIQUIDITY PROBLEM IS ACUTE AND EGYPT NOW SEEKING ATTRACT EGYPTIAN SAVINGS FROM ABROAD. EXCHANGE RATE ISSUE BEING TACKLED AND, THANKS TO INCREASE IN IMPORTS UNDER OPEN DOOR, BLACK MARKET RATE ONLY FEW PIASTERS BETTER THAN OFFICIAL RATE. LATTER HAS BEEN INCREASED BY TWO OR THREE PIASTERS FROM TIME TO TIME TO THIS END. CONSEQUENTLY. PRIMIN THINKS DEVALUATION WILL NOT BE MAJOR PROBLEM AN IMPORTS CAN BE BROUGHT INTO INCENTIVE MARKET.

3. SOVIET OBLIGATIONS. ASKED ABOUT IMPACT OF SOVIET OBLIGATIONS, PRIMIN EXPLAINED GOE PAYS ONLY DIFFERENCE IN IMPORT/EXPORT BALANCE--"142 MILLION RUBLES." THERE STILL NO FINAL AGREEMENT ON DEBTS, BUT (LAUGHING) "I THINK THEY ARE SATISFIED WITH WHAT THEY GET." HE EXPLAINED THAT EGYPTIAN EXPORT ITEMS SUCH AS SHOES, FURNITURE, PERFUME AND LIQUOR ARE OF SUCH INFERIOR QUALITY THAT THEY ARE NOT SALABLE OUTSIDE EAST BLOC.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 16786 061814Z

4. USAID. AKED WHERE USAID ASSISTANCE COULD BEST BE

CENTERED, PRIMIN NOTED IMPORTANCE OF RAISING PRODUCTIVITY BOTH OF LABOR AND OF CAPITAL GOODS. VISIBLE IMPACT ALSO IMPORTANT (E.G. NEW US BUSES). HE AGREED PROVISION OF BOOKS FOR UNIVERSITIES COULD BE VERY IMPORTANT, AS CAN TEACHER TRAINING. SINCE 62.5 PERCENT OF STUDENTS ARE BEING CHanneLED AWAY FROM HIGH SCHOOLS AND INTO VOCATIONAL TRAINING, THERE IS URGENT NEED IMPROVE FACILITIES (E.E. WORKSHOPS, ETC.) AND TEACHING SO THAT QUALITY OF SKILLED LABOR CAN IMPROVE. INDUSTRIAL PRODUCTIVITY HAS GONE UP THIS YEAR BY LE 326 MILLION AND AGRICULTURAL PRODUCTIVITY, ESPECIALLY POTATOES AND RICE, HAS INCREASED.

5. LABOR INCENTIVES. IN RESPONSE AMBASSADOR'S SUGGESTION MORE INCENTIVES NEEDED TO INCREASE PRODUCTIVITY, PRIMIN NOTED THAT DURING PAST TWO YEARS LE 7 MILLION HAS BEEN ALLOCATED FOR INCENTIVE FOR INDUSTRIAL LABORERS, BUT SYSTEM HAS NOT BEEN EFFECTIVE ACROSS THE BOARD SINCE SOME FACTORIES CONTAIN NEWER, MORE EFFICIENT MACHINERY.

6. INDUSTRIAL SPARE PARTS. AMBASSADOR RECALLED WE WOULD LIKE LIST OF EGYPTIAN FIRMS WITH US EQUIPMENT SO THAT WE COULD HELP OUT, THROUGH CIP, ON SPARE PARTS PROBLEM. PRIMIN NOTED THAT THERE ARE VERY FEW US-EQUIPED FACTORIES EXCEPT IN SUGAR REFINING SECTOR. HE CLAIMED LATTER'S SPARE PARTS REQUIREMENTS NOW BEING MANUFACTURED IN EGYPT.

7 POLITICAL REORGANIZATION. ASKED WHETHER NEW POLITICAL SYSTEM WILL HAVE IMPACT ON ECONOMY, PRIMIN NOTED HIS PARTY'S PROGRAM IS SAME AS GOE ECONOMIC PLAN AND EMPHASIZES SOCIAL JUSTICE, ESPECIALLY THROUGH TAX REFORM. HE EMPHASIZED HE IS NOT WORRIED BY ANY POTENTIAL DANGER OF SUBVERSION FROM THE LEFT. HE HAS WARNED OPPOSITION LEADERS THAT THEIR TAKING-TO-THE-STREETS TACTICS WILL BOOMERANG IF HE DOES THE SAME THING, SINCE IN THEIR OWN DISTRICTS, HIS APPEARANCE WOULD "WIPE THEM OUT." SOME LEFTISTS WANT TO BE ARRESTED, AND ARE PROBING THE LIMITS OF GOE TOLERANCE, BUT GOE, SECURE IN ITS POPULARITY, WILL NOT PLAY INTO THEIR HANDS.

8. ABOVE SEEN BY STAFFDEL.

EILTS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CAIRO 16786 061814Z

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT DEBTS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CAIRO16786
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760450-0923
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761267/aaaacgdz.tel
Line Count: 107
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION H
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 12 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 MAY 2004 by ShawDG>; APPROVED <03 SEP 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: STAFFDEL BRYEN/KRAFT: MEETING WITH PRIMIN SALIM
TAGS: OREP, EG, (BRYEN), (KRAFT)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006